

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00

ACDA-07 DOTE-00 FMC-01 SAL-01 CG-00 DLOS-06 /103 W

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O 201538Z AUG 76

FM AMCONSUL HAMBURG

TO SECSTATE WASHDC IMMEDIATE 3918

INFO AMEMBASSY BONN

C O N F I D E N T I A L HAMBURG 1204

E.O. 11652: GDS

TAGS: EGEN, ENRG, EWWT, GW

SUBJECT: EFFECT OF EXCESS TANKER CAPACITY

REF: STATE 198513

1. ACTION ON REFTEL TRANSFERED BY BONN TO HAMBURG. POST REGRETS DELAY IN RESPONDING, BUT MOST KNOWLEDGEABLE CONTACTS ON SUBJECT OF EXCESS TANKER CAPACITY WERE UNAVAILABLE PRIOR TO AUG 20.

2. ECON/COMMERCIAL OFFICER MET TODAY WITH CHRISTOPH HINZ, HEAD OF POLICY SECTION AND DIETER STEINKROEGER, HEAD OF THE ECONOMICS AND FINANCE SECTION, BOTH OF THE SEA TRANSPORT DIVISION, FEDERAL TRANSPORTATION MINISTRY. SUBSTANCE OF WHAT THEY HAD TO SAY IS CONTAINED IN FOLLOWING PARAGRAPHS.

3. EXCESS CAPACITY IS NOT AS GREAT A PROBLEM FOR FRG AS FOR OTHER COUNTRIES BECAUSE ITS TANKER FLEET IS RELATIVELY SMALL -- 2.7 MILLION TONS GROSS REGISTERED TONS, CONFIDENTIAL

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OR 1.8 PERCENT OF WORLD TANKER FLEET -- AND AT HEIGHT

OF CRISIS ONLY 6 TANKERS, WITH 18 PERCENT OF FRG CAPACITY, WERE LAID UP. PROBLEMS FOR THE FRG WERE POSED ONLY BY THE INDEPENDENT TANKER OWNERS, WHO CONTROL ABOUT 25 PERCENT OF TOTAL GERMAN CAPACITY. THE SEVEN MAJORS COPE WITH EXCESS CAPACITY WITHOUT COMPLAINING TO THE FRG. THE INDEPENDENTS APPEALED FOR ASSISTANCE ON THE BASIS OF THEIR PARTICIPATION IN THE FRG'S 1973 TANKER PROGRAM, UNDER WHICH PURCHASES OF NEW TANKERS WITH OUT 80,000 TONS CAPACITY RECEIVED A 15 PERCENT FEDERAL SUBSIDY ON CONSTRUCTION COSTS. TANKERS ORDERED UNDER THIS PROGRAM CAME INTO SERVICE JUST AS THE CRISIS HIT, AND THE OWNERS ARGUED THAT THE FRG HAD ENCOURAGED THEM TO BUILD EXCESS CAPACITY, SO SHOULD INDEMNIFY FOR FACT THAT THIS NEW CAPACITY IS NO LONGER NECESSARY.

4. FRG HAS REJECTED REQUESTS FROM INDEPENDENT SHIP-OWNERS FOR ASSISTANCE. INSTEAD, IT LOOKS TO A SOLUTION FROM INTERNATIONAL MARINE INDUSTRY FORUM (IMIF), A GATHERING OF SHIPOWNERS, SHIP BUILDERS, BANKERS AND OIL COMPANIES ESTABLISHED AT THE BEHEST OF INTERTANKO. THUS FAR, FRG DOES NOT FEEL IMIF HAS PRODUCED ANY USEFUL SUGGESTIONS, AND IS WAITING SOME PROPOSAL WHICH HAS QUOTE A CERTAIN AMSCYUNT OF SUPPORT UNQUOTE FROM THE INDUSTRY. SIMILARLY, THE FRG IS NOT SATISFIED WITH THE RECOMMENDATION OF THE OECD MARITIME TRANSPORT COMMITTEE TO IMPOSE A SEGREGATED WATER BALLAST REQUIREMENT ON EXISTING AND NEW TANKERS. THE FRG TAKES THE POSITION THAT IT WILL PARTICIPATE IN ANY INTERNATIONAL MEETING NECESSARY TO IMPLEMENT OR IMPOSE A TANKER CAPACITY LIMITATION SYSTEM, PROVIDED THE SYWTEM HAS A CERTAIN AMOUNT OF SUPPORT FROM THE INDUSTRY.

5. GERMAN SHIPBUILDERS HAVE NOT BEEN DIRECTLY HURT BY EXCESS CAPACITY PROBLEM, ALTHOUGH THEY HAVE NO NEW TANKER ORDERS ON THEIR BOOKS. THERE IS CONCEGN, HOWEVER, THAT THEY WILL BE HURT INDIRECTLY WHEN EXCESS JAPANESE CAPACITY IS TURNED TO PRODUCING OTHER TYPES OF VESSELS IN COMPETITION WITH GERMAN SHIPYARDS. THERE IS A BELIEF THAT THE JAPANESE SELL SHIPS FOR 40 PERCENT

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LESS THAN THE GERMANS DO, AND THAT THIS PRICE DIFFERENTIAL MUST MEAN THE JAPANESE ARE SELLING AT A LOSS TO KEEP THEIR SHIPYARDS OPERATING.

6. HINZ ADVISED THAT FRG CHANCELLOR SCHMIDT HAS ORDERED AN AS YET UNANNOUNCED STUDY TO BE CONDUCTED BY AN INDEPENDENT INSTITUTE TO LOOK INTO THE DEVELOPMENT OF INTERNATIONAL SEA TRADE AND ITS CONSEQUENCES FOR SHIPPING

AND SHIP BUILDING CAPACITIES. THIS STUDY WILL TAKE
6 MONTHS TO A YEAR TO COMPLETE. BROGAN

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